



6750 Westown Parkway, Suite 100, West Des Moines, IA 50266-7726

phone 515.327.5020 ■ toll-free 800.422.3106 ■ fax 515.327.5019



[www.iowahealthcare.org](http://www.iowahealthcare.org) ■ [ihca@iowahealthcare.org](mailto:ihca@iowahealthcare.org) ■ [ical@iowahealthcare.org](mailto:ical@iowahealthcare.org)

## **Comments to the November 7, 2007 Legislative Property Tax Study Committee**

Assisted Living Programs (ALPs) in Iowa (231C) are defined as “housing with services which may include but are not limited to health-related care, personal care, and assistance with instrumental activities of daily living to three or more tenants in a physical structure which provides a homelike environment”.

In Iowa we have 253 of these programs or 8,500 units, with an average program size of 33. Seventy-percent of these are located in rural areas of the state. Of the residents who are involved in these programs, the average age is 87 with 85% being female. The residents typically require assistance from the ALP with transportation, laundry, housekeeping, medication management, and bathing. The health conditions present are primarily hypertension, arthritis, depression, osteoporosis, dementia, and congestive heart failure.

Over 60 percent of the residents enter an assisted living program from their home because they require assistance to live independently, but do not require the 24-hour, health-related care provided in a skilled nursing facility.

ALP residents pay commercial property taxes as part of their assisted living rates. This tax rate adds \$100-\$200 a month to their living expenses. The resident’s Social Security and income must cover their room, board, and this increased property tax rate.

In addition, a limited number of residents require assistance through the Medicaid program. Their incomes average \$600 a month. Also the Department of Elder Affairs reports the median income of householders 65 and over in Iowa for 2005 at only \$27,361.

Our recommendation is for assisted living programs to have their property taxes classified as residential. We are aware that a portion of assisted living programs are already classified as residential, but this is not consistent across the state. We also are aware that communities rely on this revenue.

Last year, the Legislative Services Bureau estimated the cost of this reclassification at \$3.5 million. We also have a few Residential Care Facilities, which are taxed at commercial rates, for a cost of \$200,000 a year.

Page Two

Outside of the room and board costs, are the costs for the health-related services being provided. For low-income residents, the services are reimbursed through the HCBS Elderly Waiver program. In Iowa, this is capped at \$1,084 a month, which was increased from \$1,052 in 2000. However, this is the lowest rate for assisted living programs in the Midwest. This issue is being discussed with the Human Services Committee.

Our request is to help make housing and health-related services in ALPs more affordable for Iowa's seniors. We ask this Committee to consider residential property tax classification for assisted living programs serving Iowa's seniors.

Many of you are familiar with the assisted living programs in your communities. For example, in Fort Madison, the ALP restored a 1927 building. Their commercial property taxes have now increased to \$80,000 a year. The operator of this building said the high property taxes make the affordability difficult for seniors in the area who have limited incomes. Last year in Sioux City, the ALP made a special rate increase of \$100 a month to the residents to accommodate the property tax increase for the building.

I also have with me, Jeanine Chartier, who owns and operates two assisted living programs in Lawton and Holstein, to tell you about her facilities and impact of property tax rates on the seniors they serve.

Respectfully submitted,  
Cindy Baddeloo, PhD  
Deputy Director  
Iowa Center for Assisted Living  
Iowa Health Care Association